

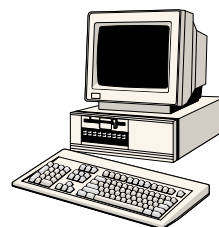
What's Up In Withholding



Vol. 6, No. 1 December 2002

THE IMPORTANCE OF FILING RETURNS ISSUED BY THE REVENUE CABINET

Form K-1, Kentucky Employer's Return of Income Tax Withheld, issued by the Kentucky Revenue Cabinet (KRC) contains preprinted coding information used in the processing of returns. Employers **must** file the preprinted **original** returns issued by KRC. Substitute returns do not contain this precoded information and delay processing. Also, photocopies of an original K-1 return should not be used. By using the original computer-generated Form K-1 issued by KRC, all account information is verified and processing errors are minimized. KRC adheres to a strict policy of not issuing blank returns to ensure the required information is on the return in the proper format. If returns are misplaced or not received at least 10 days before the due date, contact the **Withholding Tax Section at (502) 564-7287**, www.revenue.ky.gov, or fax (502) 564-3685 to request another return.



Annual Reconciliation Section of Form K-3

The Annual Reconciliation Section of Form K-3 must be completed by employers. This section allows employers to reconcile wages paid and tax withheld from employees to the amounts reported on wage and tax statements. When the account does not reconcile with the amounts reported on the wage and tax statements, an adjustment on line 3 may be appropriate. Please refer to the accompanying K-3 worksheet for instructions regarding calculation of any penalty and interest if the account is underpaid for the year. Please indicate if you prefer a refund or credit to the next accounting period if the account is overpaid for the year.



Tax Credits Available

Employers! Want a tax credit and a better educated workforce? Employers can earn a tax credit of up to \$1,250 by allowing employees a minimum of five hours per week paid release time to study for the GED test. Employees can also benefit—they can qualify for a tuition discount by earning their GED through this program. Instruction is given and paperwork completed by the local adult education provider. For more information, contact Dr. B. J. Helton, (502) 564-5114 or brendaj.helton@mail.state.ky.us.



Withholding Tax Tables

In accordance with Regulation 103 KAR 18:110, the withholding tax tables will revise the tables to compensate for substantial changes in the deductible federal income tax deductions. The tables in the current withholding book will be used until further notice.

The tables and other reproducible forms can be obtained at KRC's Web site http://revenue.state.ky.us/withholding_info.htm.

If the computer formula is used, the standard deduction for 2003 is \$1,830.

A small, faded image of a withholding tax table, showing columns for various tax-related information.

Methods of Submitting Wage and Tax Statements to KRC

In accordance with KRS 141.335(2) KRC requires employee wage and tax statements to be submitted in such a form which KRC may prescribe by regulation.

KRC has revised the acceptable media types for submitting Employee Wage and Tax Statement (Form W-2) information. This revision is effective beginning Tax Year 2002 due on January 31, 2003. KRC will no longer accept **3480** and **3490 cartridges** for submitting magnetic media information. Regulation 103 KAR 18:050(5)(b) indicates that KRC will accept methods that can be supported by the Cabinet's equipment. KRC does not have the equipment necessary to process this type of media. Please make the necessary changes.

Computer Listings will no longer be accepted. Therefore, do not include these with your magnetic media or in lieu of your magnetic media submission.

Although all media listed below are acceptable at present, notice the list is in priority order of preference.

NOTE: FTP FORMAT IS THE SAME AS THE MAGNETIC SPECIFICATIONS ON OUR WEB SITE LISTED BELOW. MMREF-1 IS THE ONLY ACCEPTABLE FILE LAYOUT.

1. FILE TRANSFER PROTOCOL (FTP)—See the specs for Magnetic Media or FTP.
2. CD
3. 3½" Diskette



All options (except FTP) require wage and tax information to be submitted with a Transmitter Report for Filing Kentucky Wage Statements (Form 42A806).

If you have suggestions for topics in future withholding newsletters, call or write your suggestions to:

Revenue Cabinet, Withholding Tax Section
200 Fair Oaks Lane
P.O. Box 181, Station 57
Frankfort, KY 40602-0181
(502) 564-7287
Fax: (502) 564-3685

The mission of the Kentucky Revenue Cabinet is to . . .

Provide courteous, accurate and efficient services for the benefit of the Commonwealth and administer Kentucky tax laws in a fair and impartial manner.

The Kentucky Revenue Cabinet does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

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